

Disability Retirement

If you are unable to perform your job because of an illness or injury which is expected to be permanent or to last indefinitely, you may be entitled to receive a monthly disability allowance payable for the rest of your life or until your recovery.

The cause of your disability need not be related to your employment. However, if it is, please see “Job-Related Illness” on Page 18.

This booklet provides general information on CalPERS disability retirement benefits. For more information and an application form, please refer to our booklet, *Your Application For Disability Retirement* (PERS-PUB-35) available from your employer or CalPERS. The application should be mailed directly to CalPERS.



Bitterroot
Lewisia rediviva

A widespread and variable *Lewisia* grows on loose gravelly slopes and rocky places from 2,000 to 9,000 feet, from Southern California to British Columbia. The rose to whitish flowers, from one-half to one inch long, appear in early spring and have many petals.

If you want to apply...

You must meet the following requirements:

Service Credit

You must have at least five years of CalPERS-credited service. However, a state member under the Second-Tier retirement plan must have 10 years of CalPERS-credited service. Note: If you have State Second-Tier service with other CalPERS covered service, you must have a combined total of five years of credited service to qualify.

There are some exceptions to these requirements. If you do not meet the above service requirements, you may want to contact CalPERS to find out if an exception will apply to you.

Employment Status

You may apply:

- while in CalPERS-covered employment, or
- within four months of separation from employment, or
- at any time if you separated from your job because of a disability and have remained disabled since then, or
- while on military or approved leave.

If you meet the service requirement and one of the employment status requirements, you or someone on your behalf may file an Application For Disability Retirement (PERS-BAS-369D). For an application form and information regarding disability retirement, please refer to our booklet, *Your Application For*



Disability Retirement (PERS-PUB-35). Included in the booklet are forms necessary to begin the disability retirement process. You should submit your application as soon as you believe you are unable to perform your job because of an illness or injury which is expected to be permanent or last longer than six months.

There is no minimum age requirement for disability retirement.

Important: You will not be eligible to apply for disability retirement if, after separation from employment, you take a refund of your CalPERS member contributions and interest. A refund terminates your membership in CalPERS and eliminates your entitlement to any future benefits.

After you apply...

CalPERS must receive, in addition to an application for your disability retirement:

- your authorization to release medical and employment information,
- medical reports from your doctor and other practitioners with a diagnosis of your disabling condition. This report should include information on how it prevents you from performing your job,
- a description of your job duties from your employer.

The necessary forms with instructions on how to complete them are available in our booklet, *Your Application For Disability Retirement* (PERS-PUB-35).



CalPERS makes the disability determination based upon medical evidence and whether you are substantially disabled from performing your job duties. A determination can generally be made within three months of the date CalPERS receives all required and properly completed information.

Note: For local safety members, the determination of disability is made by the local governing body. Local safety members are subject to the same laws regarding application, amount of allowance (based on contracted benefits and law) and eligibility.

If you are also eligible for Service Retirement

You have the option of applying for service retirement pending disability retirement. This enables you to receive a monthly service retirement allowance while awaiting the determination regarding your disability retirement. To apply for service retirement pending disability retirement, you must qualify for service retirement (same eligibility for disability retirement regarding service credit but you must be 50 years or older or, if you are covered by the State Second-Tier or the 1.5% @ 65 formula, 55 years or older).

There are some exceptions to these requirements, so if you are 50 or older and have less than the required years of service, you should contact CalPERS to find out if an exception will apply to you.

Based on amounts payable, taxes, and other considerations, you may want to choose one



retirement plan over the other. Please ask your local tax authority about any tax advantages. You may ask CalPERS to calculate an estimate for each type of retirement.

If you are approved for disability but find that a service retirement is more advantageous, you may request that your retirement be changed to a service retirement. However, the request for the change must be made prior to the effective date of disability retirement or within 30 days after the date of the letter approving your disability.

Note: If you retire for service and your disability application is denied, you will not have mandatory return rights to employment.





What if my disability retirement application is denied?

If it is determined that you are not disabled, you may appeal this decision through the administrative hearing process.

If your disability application is denied and you were not separated from your job for any other reason (for example, separation for cause or service retirement), you may return to work.

If you are approved for disability...

You will be retired immediately. Your retirement effective date will be the day following your last day on pay status as long as your application for retirement was submitted on or before the end of that month. (Example: If your last day at work was June 15, your application must be received on or before June 30 in order for your retirement date to be June 16, the day following your last date at work.)

Although you may not continue to work, your retirement date may be deferred if you have any compensating time such as sick leave. Ask your employer about any compensating time you may use to defer your retirement date.

Vacation time cannot be used to defer your retirement. Most employers will make a lump sum payment to you for any vacation time you may have.

How much will your allowance be?

There are three things you need to know to estimate your unmodified disability retirement allowance (the highest amount payable):

Service Credit

The amount of CalPERS-covered service you have earned. (Refer to your last CalPERS Annual Member Statement and add any service credit since that time.)

Benefit Factor

The percentage of pay you are entitled to for each year of service. The benefit factor for disability retirement is 1.8 percent, unless you are eligible for service retirement (see Page 9).

or

If you are a state member under the Second-Tier retirement plan, the benefit factor for disability retirement is 1.125 percent, unless you are eligible for service retirement.

or

If you are a local miscellaneous member covered under the 1.5% at 65 formula, the benefit factor for disability retirement is 1.350 percent, unless you are eligible for service retirement.

Final Compensation

Generally, this is your average monthly pay rate earnable over the last consecutive 36 months of work (or 12 months if you are a state employee or your employer contracts with CalPERS to use the 12-month average). You may elect a different 36- or 12-month consecutive period if it produces a higher average.



Fritillary

Fritillaria pinetorum

The fritillary has a very powdery stem three to 15 inches high. The flowers are erect, or nearly so, purplish, and mottled with greenish yellow. It is found on somewhat shaded granite slopes at 6,000 to 15,000 feet from Alpine County to San Bernadino County.

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**You can calculate your own
estimate by selecting the
appropriate letter**

*A. If you are eligible for service
retirement and...*

- you are a miscellaneous, school, or state industrial member and you are age 60 or older, or
- you are a state member under the Second-Tier retirement plan and you are age 65 or older, or
- you are a local miscellaneous member covered under the 1.5% at 65 formula, and you are age 65 or older, or
- you are a local miscellaneous member covered under the 2% at 55 formula and you are age 55 or older, or
- you are a state peace officer/firefighter member covered under the 2.5% at 55 formula, and you are age 50 or older, or
- you are a safety member covered under the ½ pay at 55 or 2% at 55 formula and you are age 55, or older, or
- you are a safety or patrol member covered under the 2% at 50 formula, and you are age 50 or older...

...you will receive the same dollar amounts for disability retirement as those payable for a service retirement (refer to your benefits booklet for an example of how to estimate your unmodified allowance under a service retirement).

If this does not apply to you, proceed to B, C, D, or E.



B. Improved Disability Retirement

This benefit is provided only by certain contracting agencies; ask your employer if it has been provided for you. This benefit does not apply to state or school members.

This benefit provides an unmodified allowance of 30 percent of your final compensation for the first five years of service credit, plus 1 percent for each year afterwards. You may not receive more than 50 percent of your final compensation. If you are under age 60, you cannot receive more than what your service retirement would be at age 60. Should the allowance under a regular disability be greater than the improved disability allowance, CalPERS will pay the greater amount.

If your CalPERS-covered service is a combination of coverage under regular and improved disability, contact the CalPERS Benefit Application Services Division for an estimate.

If A or B do not apply to you, proceed to C, D, or E.

C. Disability Retirement

For members other than state members under the Second-Tier plan or local miscellaneous members covered under the 1.5% at 65 formula.

Step 1

You must determine the percentage of final compensation to which you will be entitled. Use the method which applies to you.

a. If you have between five and 10 years of service credit, you can determine your percentage of final compensation by multiplying:

$$\begin{array}{rcl} \text{Years Of} & 1.8\% & \text{Percentage} \\ \text{Service} & (\text{X}) \text{ Benefit Factor} & \text{Of Final} \\ & & \text{Compensation} \end{array}$$

b. If you have 10 or more, but less than 18½ years of service credit, add to your CalPERS service the number of years you would have if you worked until age 60*. You still use the 1.8 percent benefit factor, so the formula becomes:

$$\begin{array}{rcl} \text{Present} & 1.8 \text{ percent} & \text{Percentage} \\ \text{Service Plus} & (\text{X}) \text{ Benefit Factor} & \text{Of Final} \\ \text{Added Service} & & \text{Compensation} \end{array}$$

The maximum percentage you can receive by this method is one-third (33.3 percent) of your final compensation.

c. If you have 18½ or more years of service, you do not project your service to age 60* since you will have already earned at least one-third of your final compensation (18½ years (x) 1.8% = 33.3 percent).

$$\begin{array}{rcl} \text{Years Of} & 1.8\% & \text{Percentage} \\ \text{Service} & (\text{X}) \text{ Benefit Factor} & \text{Of Final} \\ & & \text{Compensation} \end{array}$$

** If you are under age 60, your allowance cannot be more than a service retirement at age 60.*

Step 2

Now multiply your percentage of final compensation from Step 1 by your final compensation.

$$\begin{array}{lcl} \text{Percentage} & & \text{Final} \\ \text{Of Final} & (\times) & \text{Compensation} \\ \text{Compensation} & & \end{array} = \begin{array}{l} \text{Unmodified} \\ \text{Retirement} \\ \text{Allowance}^* \end{array}$$

If A, B, or C do not apply to you, proceed to D or E.

D. Disability Retirement *Second-Tier*

For state members under the Second-Tier retirement plan. (If you have service under more than one tier or have worked for a CalPERS employer other than the state, you should contact the CalPERS Benefit Application Services Division for an estimate.)

Step 1

You should determine the percentage of final compensation to which you will be entitled. Use the method which applies to you.

a. If you have less than 10 years service credit, but at least five of those years were prior to January 1, 1985, you can determine your percentage of final compensation by multiplying:

$$\begin{array}{lcl} \text{Years Of} & & \text{1.125\%} \\ \text{Service} & (\times) & \text{Benefit Factor} \\ \end{array} = \begin{array}{l} \text{Percentage} \\ \text{Of Final} \\ \text{Compensation} \end{array}$$



b. If you have 10 or more, but less than 29.629 years, add to your CalPERS service the number of years you would have if you worked until age 65. Using the 1.125 percent benefit factor, so the formula becomes:

$$\begin{array}{lcl} \text{Present} & 1.125\% & \text{Percentage} \\ \text{Service Plus} & (\text{X}) \text{ Benefit Factor} & = \text{Of Final} \\ \text{Added Service} & & \text{Compensation} \end{array}$$

The maximum percentage you can receive by this method is one-third (33.3 percent) of your final compensation.

c. If you have 29.629 or more years of service, you do not project your service to age 65 since you will have already earned at least one-third of your final compensation (29.629 years $(\text{x}) 1.125\% = 33.3\%$).

$$\begin{array}{lcl} \text{Years Of} & 1.125\% & \text{Percentage} \\ \text{Service} & (\text{X}) \text{ Benefit Factor} & = \text{Of Final} \\ & & \text{Compensation} \end{array}$$

Step 2

Multiply your percentage of final compensation from Step 1 by your final compensation.

$$\begin{array}{lcl} \text{Percentage} & \text{Final} & \text{Unmodified} \\ \text{Of Final} & (\text{X}) \text{ Compensation} & = \text{Retirement} \\ \text{Compensation} & & \text{Allowance} \end{array}$$

If you are under age 65, your allowance cannot be more than a service retirement at age 65.

If A, B, C, or D do not apply to you, proceed to E.

E. Disability Retirement
Local 1.5% at 65 Formula

Step 1

You must determine the percentage of final compensation to which you will be entitled. Use the method which applies to you.

a. If you have between five and 10 years service credit, you can determine your percentage of final compensation by multiplying:

Years Of Service	(X)	1.350% Benefit Factor	=	Percentage Of Final Compensation
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b. If you have 10 or more, but less than 24.691 years of service credit, add to your CalPERS service the number of years you would have if you worked until age 65. You still use the 1.350 percent benefit factor, so the formula becomes:

Present Service Plus Added Service	(X)	1.350% Benefit Factor	=	Percentage Of Final Compensation
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The maximum percentage you can receive by this method is one-third (33.3 percent) of your final compensation.

c. If you have 24.691 or more years of service you do not project your service to age 65 since you will have already earned at least one-third of your final compensation (24.691 years (x) 1.350% = 33.3%).

Years Of Service	(X)	1.350% Benefit Factor	=	Percentage Of Final Compensation
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Step 2

Now multiply your percentage of final compensation from Step 1 by your final compensation.

$$\begin{array}{l} \text{Percentage} \\ \text{Of Final} \\ \text{Compensation} \end{array} \quad (\times) \quad \begin{array}{l} \text{Final} \\ \text{Compensation} \end{array} = \begin{array}{l} \text{Unmodified} \\ \text{Retirement} \\ \text{Allowance} \end{array}$$

If you are under age 65, your allowance cannot be more than a service retirement at age 65.



Requesting an estimate from CalPERS...

Because of the variety of rules used in determining your monthly allowance, you may wish to write to the CalPERS Benefit Application Services Division for an estimate.

Let them know you wish to receive an estimate for disability retirement and include your name, birth date, Social Security number, mailing address, and tentative date of retirement. If you are planning to provide a monthly allowance to a beneficiary, include that person's birth date, sex and relationship.

The Survivor Continuance Benefit and six optional settlements are explained in detail in your CalPERS member benefit booklet available from your employer or CalPERS.

If your employer provides Survivor Continuance (a monthly allowance automatically paid to an eligible survivor after your death), tell CalPERS whether you have:

- a spouse to whom you will have been married for at least one year prior to your effective date of retirement;
- unmarried children under age 18;
- unmarried children who were disabled prior to age 18 and have remained disabled continuously since then; or,
- dependent parents.

If you are unsure whether Survivor Continuance will apply to you, check with your employer or CalPERS.

Remember an estimate is not an application.
You must still file an Application For
Disability Retirement if you wish to retire.

Mountain Heather

Phyllodoce breweri

The rose-purple, pinkish flowers are found on the rocky, sometimes rather moist slopes at 6,000 to 12,000 feet, in the San Bernadino Mountains and the Sierra Nevada, from Tulare County to Mount Lassen.



Other matters you should consider...

Job-Related Illness

If you are a safety member, a state peace officer/firefighter member, a state industrial member, or a patrol member, and your disability is job-related, ask for our brochure *Industrial Disability Retirement* (PERS-PUB-11). This benefit is also available to miscellaneous members working for local agencies which have contracted to provide industrial disability for their miscellaneous members.

Health Insurance

Not all health insurance plans continue into retirement. It is important that you ask your employer about keeping your current health insurance or getting a new plan before you retire or separate from employment.

Taxes

You should contact your local IRS or other tax authorities regarding the taxability of your retirement allowance.

Working After Retirement

There are no restrictions to the number of days you may work for a non-CalPERS employer.

The earnings you receive under a non-CalPERS employer must be reported to CalPERS until you reach the minimum age for service retirement for the position from which you retired. If the employer portion of your monthly allowance and your new income total more than the current pay rate for the position from which you retired, your



allowance will be adjusted (reduced). Your monthly allowance will not be less than the portion paid for by your contributions.

You may not be employed by any state agency or contracting public agency covered under CalPERS without reinstating from disability retirement, unless exception is provided under the Retirement Law (contact CalPERS Post Retirement Services Division for information on exceptions).

Reinstatement from Retirement

If you recover from your disability and wish to return to employment covered by CalPERS, you must first apply to CalPERS for reinstatement from retirement. If the medical evidence shows to the satisfaction of the Board that you have recovered, you will be approved for reinstatement from retirement.

A state employee who was separated for disability and who subsequently has been approved for reinstatement to his or her former job, has an automatic right to reemployment. Local agency and school members should check with their employers to determine their reemployment rights. Once you have been reemployed, your allowance will stop and you will be returned to active CalPERS membership.

Power of Attorney

A Power of Attorney allows your attorney-in-fact to conduct your retirement affairs should you become too ill or mentally incapacitated to act in your own behalf.

CalPERS publishes a Durable Special Power of Attorney for use by CalPERS members and beneficiaries. This Durable Special Power of Attorney enables the member or beneficiary to appoint another individual to deal with CalPERS on his/her behalf. This appointed individual may select a retirement option and/or a beneficiary on behalf of the member, change the mailing address, sign tax withholding forms, and conduct other retirement business on behalf of the person making the appointment. Because of the broad power granted by the Durable Special Power of Attorney, CalPERS recommends that you consult an attorney prior to signing this document.

Should you become mentally incompetent after you sign the CalPERS Durable Special Power of Attorney, a conservator of the estate may not be required for CalPERS purposes. Normally, if a member or beneficiary becomes incompetent, a conservator of the estate will be required by CalPERS.

Please note that for many purposes, CalPERS will not accept powers of attorney which are not on the CalPERS form. Even if you have already signed a Power of Attorney document, you should obtain and sign the Power of Attorney form provided by

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CalPERS. The laws regarding power of attorney change from time to time, making it important to have a current Power of Attorney form on file with CalPERS. These forms may be obtained from CalPERS.

For more information regarding the Power of Attorney please refer to our brochure, *The Power of Attorney* (PERS-PUB-30) available from any CalPERS Area or Field Office.

For More Information

Benefit Application Services Division

P.O. Box 942711

Sacramento, CA 94229-2711

(916) 326-3232

(916) 326-3240 – TTY Text Telephone

(916) 326-3934 – Fax

Post Retirement Services Division

P.O. Box 942716

Sacramento, CA 94229-2716

(916) 326-3848 or (800) 352-2238

(916) 326-3240 – TTY Text Telephone

(916) 326-3933 – Fax

Area and Field Offices

Refer to *Do You Have The Right Number?*

(PERS-PUB-19) for a directory to CalPERS Area and Field Office locations.

Internet Address

www.calpers.ca.gov.

While reading this material, remember that we are governed by the California Public Employees' Retirement Law. The statements in this booklet are general. The Retirement Law is complex and subject to change. If there is a conflict between the law and this booklet, any decisions will be based on the law and not this booklet.

How Did You Like This Brochure

If you would like to share your opinion of this brochure, please send us your ideas. Your constructive comments can help us make this brochure even better. Please answer the questions below and mail this page to the following address:

California Public Employees' Retirement System
Office of Public Affairs
P.O. Box 1802, Sacramento, CA 95812-1802

1. This brochure is designed to provide an overview of retirement information. Did you get a useful overview of the information from reading this brochure?
☐ Yes ☐ No If no, what do you find lacking?

2. Did you have questions after reading any sections?
☐ Yes ☐ No If yes, in what sections do you have questions, and what are your questions?

3. Did you find any sections particularly helpful?
☐ Yes ☐ No If yes, which sections?

4. Did you find yourself wanting additional information on any subjects?
☐ Yes ☐ No If yes, which subjects?

5. If you have other comments, please share them below.





*California Public Employees'
Retirement System*

400 P Street

Sacramento • CA 95814

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Disability Retirement



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